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# Masan Group (MSN)

## Aims to double 2020E revenue

### Aggressive guidance to double revenue but still expects sharp earnings decline for 2020E

- Shareholders approved 2020E guidance for a sharp decline in earnings to VND1,000 billion to VND3,000 billion or a 46% to 82% drop from the previous year. This comes despite a revenue target range of VND75,000 to VND85,000 billion or 101% to 128% YoY jump in sales with the consolidation of a full-year of results for Vincommerce into 2020E financials (management failed to provide pro forma growth). Targets for its other group companies were: 1) Vincommerce (VCM): minus 3% to breakeven for the EBITDA margin by 2H 2020E; 2) Masan Consumer Holdings (MCH): 15% revenue growth and double-digit earnings growth; 3) Masan MeatLife (MML): 20% of total consolidated group revenue for the meat segment and the development of a processed meat platform to optimize profits.; and 4) Masan High-tech Materials (MSR): integration of *H.C. Starck's* tungsten business platform to become a global producer of midstream tungsten products. In particular, MML's feed segment is also expected to grow steadily as Vietnam rebuilds its live hog herds to meet the growing demand for pork.
- Management also declared VND1,000 per share cash dividend for 2019 performance and also proposed issuing up to 0.5% of outstanding shares as part of the 2019's ESOP.

### Long-term goal to reach VND150–250 trillion in sales by 2025E

- Management expects Vietnam's rapid economic growth and rising middle- and affluent classes to eventually see modern trade representing about 30% of total retail sales by 2025E compared to 8% now. The merger with Vincommerce should not only allow Masan to expand the retailer's offline network but to also build a digital platform to reach a broad array of clients given the growing importance of the customer experience. Masan's goal is to grow revenue to VND150–250 trillion by 2025E and boost the operating profit margin to 14%–15% by: 1) developing a winning store model; 2) development of leading online sales channels; 3) exclusive products at its stores; and 4) expanding the distribution network through physical stores and retail franchises in the future. Masan's objective is to have 3,000 stores by end of 2020E and 10,000 stores and 20,000 franchises to serve 30–50 million customers by 2025E. To this end, Masan created The CrownX to manage all of its consumer assets and brand under a single legal entity to build an integrated retail platform to meet growing consumer demand.

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## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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